THE CORPORATION OF THE CITY OF OSHAWA

Financial Report 1985

OSHAWA ONTARIO

AUDITORS TO THE CORPORATION:
DELOITTE HASKINS & SELLS

BANKERS TO THE CORPORATION:
CANADIAN IMPERIAL BANK OF COMMERCE

Designed and Produced by:
ADMAGNA MARKETING SERVICES LIMITED
OSHAWA, ONTARIO, CANADA.
Printed in Canada.

A Message from the Mayor

The Corporation of the City of Oshawa

On behalf of the City Council, I take great pleasure in presenting to the residents, and members of the business and professional communities, the 1985 Financial Report of the City of Oshawa. The content of this Report is not only a statement of the strong financial performance of the City over the past year but is, as well, an indication of the positive direction in which our community continues to progress.

As in past years, the City has gone to great lengths to maintain a sound financial position and to ensure the positive, dynamic growth and development of both the City of Oshawa and the Region of Durham. I believe that such a favourable economic environment will continue to attract industry and commerce, and new resident citizens, to the City of Oshawa.

The future prospects for the City are very bright and will be very much a product of continued responsible fiscal management. We are planning for growth and are prepared to ensure that both the required infrastructure, and an optimum assessment base, are in place to accommodate and support such growth. It is indeed rewarding that the City of Oshawa can move forward in an atmosphere of pride and confidence.

Allan C. Pilkey
Mayor

CONSOLIDATED
HIGHLIGHTS OF THE YEAR

	1985	1984
	$	$
Tax Revenue — City	**28,619,026**	28,302,113
Tax Revenue — Other	**48,854,953**	44,834,816
Government Grants	**10,013,108**	9,610,366
Total Sources & Applications	**59,601,539**	54,326,139
Current Surplus	**1,983,100**	3,324,829
Reserves & Reserve Funds	**26,328,456**	25,296,059
Taxes Receivable	**1,481,905**	1,172,610
Net Long-Term Liabilities	**10,664,733**	12,340,608

CONTENTS

Message From the Mayor	1	Economic and Financial Trends (Cont'd)	25
Treasurer's Report	4	1985 and Beyond	30
Economic and Financial Trends	6	City Officials	33
Financial Statements	9		

Treasurer's Report

The Corporation of the City of Oshawa

May, 1986

His Worship, Mayor Allan C. Pilkey,
Members of Oshawa City Council, and
Residents of the City of Oshawa.

Your Worship, Ladies and Gentlemen:

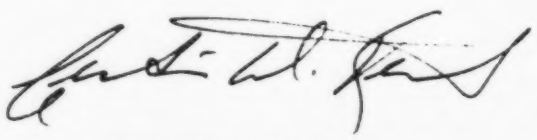
The Financial Report of the Corporation of the City of Oshawa, for the year ended December 31, 1985, is presented herein, with pride and optimism. Pride, in the City's consistent ability to manage its resources in a most efficient and productive manner; optimism, in that the financial position the City has established, through sound fiscal policies adopted by Council over the years, will enable the realization of sustained economic growth and stability into the future.

In 1985, both Federal and Provincial Governments moved to restore "fiscal responsibility" by reducing the deficit and curbing expenditure growth. The adoption of fiscal restraint measures were not new undertakings by the City of Oshawa. 1985 represented the sixth consecutive year in which no tax-supported debt was issued, existing tax-supported debt declined even further, and City Council, again, ensured the continuation of a fully-integrated, user fee/pay-as-you-go approach to the financing of capital projects. The continued application of this sound fiscal management approach will result in the effective elimination of all tax-supported debt by the year 1994. Such strategic debt management, combined with: the implementation of energy conservation measures; the adoption of advanced office automation technology; and the maintenance of optimal levels of civic staffing; — all designed to promote continued high levels of efficiency — resulted in an unprecedented zero increase in the local mill rate. This, together with a minimal mill rate increase of 1.9% in 1984, and consecutive 2.2% increases in the two preceding years, is sound testimony that efficiency and fiscal responsibility are of prime concern to City decision-makers.

Again, in 1985, further growth and development was experienced in the economic and social sectors of the Oshawa economy. The value of residential building permits issued increased to an amount in excess of $36.6 million, representing double the value issued in the preceding year. Plans to develop prime commercial downtown land, obtained through the highly publicized land exchange between the City and General Motors of Canada Limited, are currently underway. The Oshawa Municipal Airport is now a customs point of entry and Skycraft Air Transport Inc., alone, provided scheduled passenger services for in excess of 18,000 passengers in 1985. It is projected that, with the arrival of an additional airline, Inter City Airlines Inc., in 1986, this figure will increase significantly. The expansion of the Robert McLaughlin Art Gallery is now in progress, while phase II of the Arts Resource Centre renovations is expected to be completed by June of this year. Such highlights exemplify the wide and diversified developments which the economy of Oshawa is experiencing.

A recent development further promises exceptional prospects for the City of Oshawa. The announcement, made by General Motors of Canada Limited, to create the new "G.M. Autoplex", a further $2 billion investment in its automotive operations in Oshawa, will cement the City's position as being home to the largest vehicle production facility in North America and, the central and largest facility of General Motors' Canadian operations. This investment, the greatest single financial commitment ever made by a Canadian manufacturing company, coupled with the expected $560 million investment by automotive parts suppliers, is a definite indicator of future prosperity for Oshawa residents, employees and businesses.

The preceding highlights are presented as an overall illustration of the economic health and vitality of the City of Oshawa and are intended to supplement the following more detailed financial statements and analyses. I trust that the information presented will provide a comprehensive and informative statement about the current financial and economic stability of the City of Oshawa, and thus will denote the most positive and substantive growth prospects for both the immediate and the longer term future.



Curtis W. Keil, B.A., M.B.A.,
Treasurer & Director of Finance.

Economic & Financial Trends

Elements of Growth

Oshawa's favourable performance, over the years, has been, to a significant extent, a result of a population growing in concert with a consistently expanding assessment base. Again, in 1985, Oshawa has maintained an effective mix of growth within each of the industrial, commercial and residential sectors.

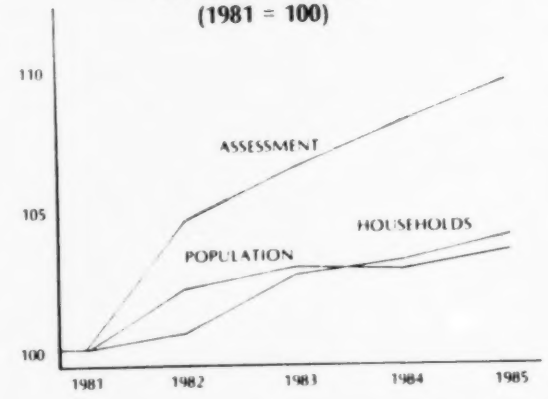
The total value of building permits issued in 1985 was in excess of $113 million. Industrial building activity led the way, accounting for 57.2% of the total value of permits issued. Residential sector growth was also strong over the past year, with a total of 771 dwelling units being created, this volume more than doubling the number of units established in 1984. It is apparent that such significant activity in the residential sector will ensure the continued supply of an appropriate housing stock for present and future residents of the City.

The Industrial/Commercial assessment base grew at a faster rate than the population in 1985. This is indicative of a broadening of the employment base of the City. This expansion is reflected in the decline of the unemployment rate in the Region of Durham, from the 1984 level of 8.3%, to a level of 7.2% in 1985. Industrial and Commercial assessment also continued to grow as a proportion of total assessment. This trend, in effect, shifts the property tax burden away from residential taxpayers, resulting in proportionally less of residents' incomes being directed towards property taxation.

The City of Oshawa's residential mill rate, for the first time in the past 13 years, since amalgamation within the Region of Durham, recorded a nil increase. This, more than in any prior year, has provided Oshawa residents with a financial advantage over most other municipal ratepayers. In fact, of all municipalities in Ontario, with populations between 75,000 and 175,000, Oshawa ranked number one with the lowest change in local residential mill rates. Oshawa also held this enviable position in 1984, recording a minimal 1.9% increase in the local residential mill rate.

A concerted effort, on the part of the City of Oshawa, to continue previously established programs of effective staff-level controls, energy conservation and automation was a key element in the achievement of an increasingly efficient system of providing required services within realistic and prudent cost parameters. Such efforts played a significant role in minimizing the mill rate increases over recent years.

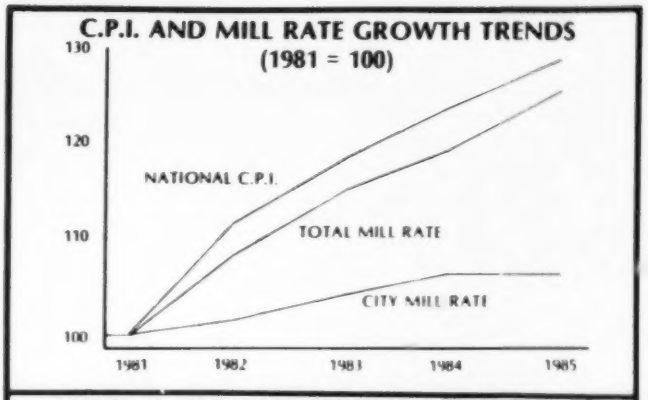
POPULATION, HOUSEHOLDS AND ASSESSMENT GROWTH TRENDS
(1981 = 100)

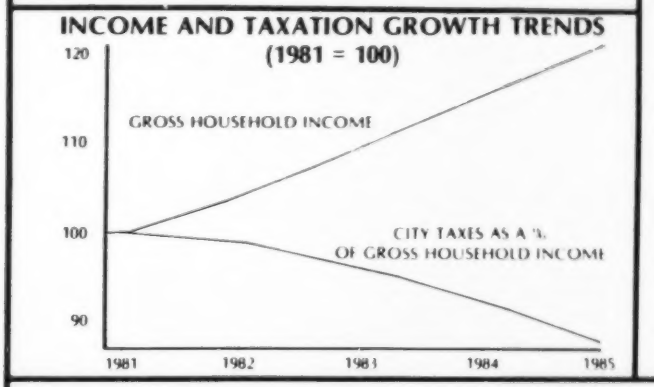


POPULATION, HOUSEHOLDS AND ASSESSMENT

	1981	1982	1983	1984	1985
Population	116,050	118,845	119,772	119,772	**121,669**
Households	41,199	41,786	42,480	42,620	**43,013**
Residential and Farm ($000's)	304,522	322,838	332,176	337,683	**335,292***
Comm/Indust/Business ($000's)	185,100	190,504	193,932	198,366	**206,000**
Total Equalized Taxable Assessment ($000's)	489,622	513,342	526,108	536,049	**541,292**

*Reduction from previous year is a result of a major reassessment of condominium and cooperative housing units





In addition, average City property taxes, as a percentage of gross income per household, have declined since 1980 to a present level of .97% in 1985. As the City mill rate remained constant, at 45.18 in 1985, average total income per household grew by 5.2%. These two factors effectively translate into real disposable income gains for Oshawa residents. It is fully expected that the increased purchasing power of local residents will provide a positive stimulus to the local economy in the form of increased demand for local goods and services. As a result, the increase in the level of economic activity will further contribute to the growth of the private sector.

The foregoing is a testament to the fact that, in 1985, the economy of Oshawa continued on a path of growth and prosperity. The economic indicators examined above suggest that this positive trend will continue into 1986 and future years.

MILL RATE AND C.P.I.

	1981	1982	1983	1984	**1985**
National Consumer Price Index (1981 = 100)	100.00	110.80	117.20	122.30	**127.20**
Total Residential Mill Rate					
Assessment Roll Wards 1-6	101.70	110.26	116.34	120.47	**126.47**
Assessment Roll Ward 7	161.24	181.16	196.75	210.19	**219.25**
General Municipal (City) Mill Rate					
Assessment Roll Wards 1-6	42.42	43.37	44.33	45.18	**45.18**
Assessment Roll Ward 7	58.64	63.76	68.83	75.17	**73.83**

GROWTH TRENDS (1981 = 100)

	1981	1982	1983	1984	**1985**
National C.P.I.	100.00	110.80	117.20	122.30	**127.20**
City Mill Rate	100.00	102.24	104.50	106.51	**106.51**
Total Mill Rate	100.00	108.42	114.40	118.46	**124.36**

INCOME & TAXATION

	1981	1982	1983	1984	**1985**
Average Income Per Household	$28,676	$30,055	$31,617	$33,261	**$34,990**
Growth Trend (1981 = 100)	100.00	104.80	110.30	116.00	**122.00**
Average City Property Tax as a % of Income Per Household	1.09	1.08	1.05	1.01	**0.97**
Growth Trend (1981 = 100)	100.00	99.08	96.33	92.66	**88.07**

Mill Rate Composition

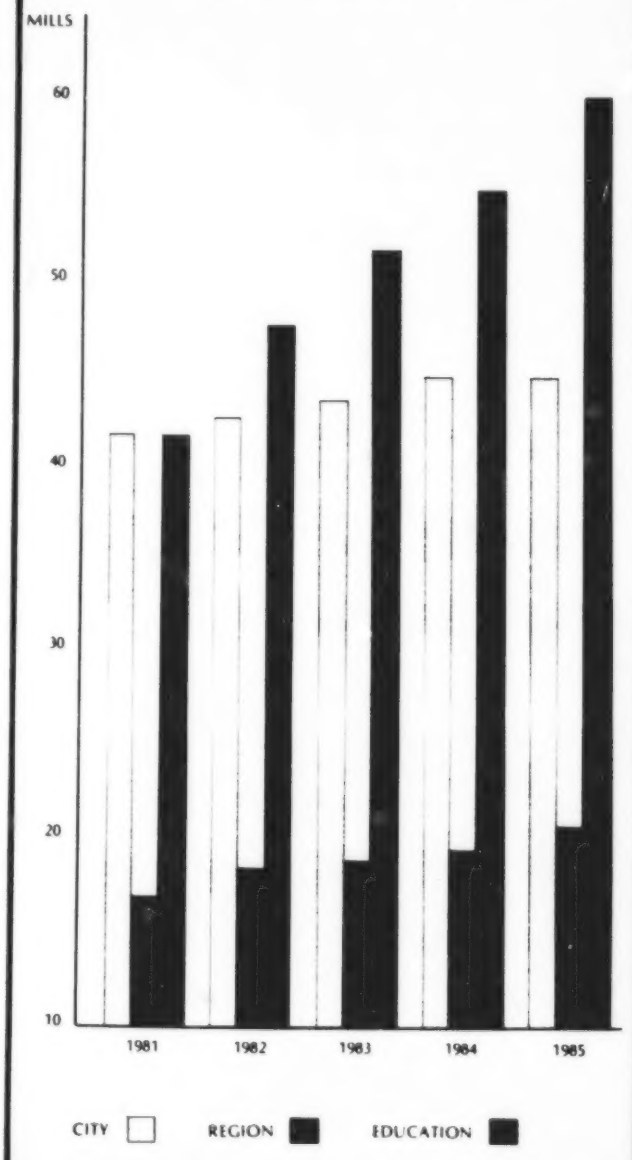
The total residential mill rate is comprised of three separate mill rates. These include mill rates for the City of Oshawa, the Region of Durham and the Boards of Education. Although the City collects all property-related taxes, the individual mill rates are actually set by the respective jurisdictions and funds are transferred to these bodies to be allocated according to their individual budgets.

The City of Oshawa, in 1985, collected a total of $77.5 million in tax revenue. Of this, 36.9% was retained for municipal purposes and the remainder was collected on behalf of the Region of Durham (16.4%) and the Boards of Education (46.7%).

Of these three components of the residential mill rate, the City of Oshawa continued to record the lowest average annual rate of increase. The City's success in minimizing mill rate increases is reflected in the fact that, over the period 1981 to 1985, mill rates, for City purposes only, have increased at an average annual rate of 1.6%, while the mill rates for Boards of Education and the Region of Durham grew at rates of 9.4% and 5.1%, respectively.

In addition, while the City is responsible for 36.9% of property taxes collected in 1985, the proportion of taxes required for City purposes has dropped considerably from the 1981 level of 41.7%.

RESIDENTIAL MILL RATE COMPOSITION



RESIDENTIAL MILL RATE COMPOSITION
(ASSESSMENT ROLL WARDS 1-6)

	1981	1982	1983	1984	1985
City of Oshawa	42.42	43.37	44.33	45.18	**45.18**
Region of Durham	17.17	18.97	19.62	19.80	**20.94**
Education	42.12	47.92	52.39	55.49	**60.35**
Total	101.71	110.26	116.34	120.47	**126.47**

THE CORPORATION OF THE CITY OF OSHAWA

Financial Statements 1985

Consolidated Balance Sheet

as at December 31, 1985

The Corporation of the City of Oshawa

	1985 $	1984 $
ASSETS		
Unrestricted		
Cash and short-term investments	**8,084,487**	8,154,994
Taxes receivable	**1,481,905**	1,172,610
Accounts receivable	**4,102,457**	3,232,874
Other current assets	**840,422**	804,113
Long-term receivables	**52,763**	57,923
	14,562,034	13,422,514
Restricted		
Cash and short-term investments	**18,190,520**	15,855,972
Investments	**—**	1,638,660
Accounts receivable	**—**	70,634
Long-term receivables	**—**	215,066
Investment in own debentures	**176,941**	204,539
	18,367,461	17,984,871
Capital outlay financed by long-term liabilities and to be recovered in future years (note 1(b))	**10,664,733**	12,340,608
	43,594,228	43,747,993
LIABILITIES		
Accounts payable and accrued liabilities	**5,527,311**	4,215,492
Other current liabilities	**619,294**	649,384
	6,146,605	4,864,876
Net long-term liabilities (note 8)	**10,664,733**	12,340,608
FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges (note 10)	**1,983,100**	3,324,829
Capital operations not yet permanently financed (note 10)	**(1,528,666)**	(2,078,379)
Reserves (note 11)	**7,960,995**	7,311,188
Reserve funds (note 11)	**18,367,461**	17,984,871
	43,594,228	43,747,993

The accompanying notes are an integral part of this financial statement.

Consolidated Statement of Operations

for the year ended December 31, 1985

	1985 $	1984 $
SOURCES OF FINANCING		
Taxation and user charges		
Residential and farm taxation	**42,872,394**	40,998,103
Commercial, industrial and business taxation	**32,937,313**	30,472,378
Taxation from other governments	**1,664,272**	1,629,538
Adjustment — Prior year's requisition — Region	**—**	36,910
Deduct: amounts received or receivable for region and school boards	**(48,854,953)**	(44,834,816)
Net municipal taxation	**28,619,026**	28,302,113
User charges	**7,903,349**	5,884,949
Grants		
Government of Canada	**36,750**	120,136
Province of Ontario	**9,976,358**	9,490,230
Other		
Contributions from developers and others	**6,112,339**	4,481,280
Investment income	**4,436,487**	4,516,682
Sale of assets	**875,226**	122,290
Other	**99,656**	157,001
Donations	**295,898**	59,844
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR		
To be used to offset taxation or user charges	**3,324,829**	2,942,038
Capital operations not yet financed	**(2,078,379)**	(1,750,424)
TOTAL FINANCING AVAILABLE DURING THE YEAR	**59,601,539**	54,326,139

The accompanying notes are an integral part of this financial statement.

	1985 $	1984 $
APPLIED TO		
Current Operations		
General government	6,374,797	5,814,978
Protection to persons & property	8,681,922	8,381,162
Transportation services	12,946,321	11,744,166
Environmental services	1,523,403	1,792,482
Health services	89,960	131,369
Social & family services	611,798	561,271
Recreation & cultural services	10,952,006	10,009,552
Planning & development	1,862,367	1,881,358
	43,042,574	40,316,338
Capital		
General government	784,122	251,409
Protection to persons & property	72,138	202,999
Transportation services	6,672,000	4,539,693
Environmental services	4,960,023	3,006,668
Social & family services	16,020	23,270
Recreation & cultural services	1,767,152	2,673,236
Planning & development	350,115	162,417
	14,621,570	10,859,692
Net appropriations to reserves and reserve funds	1,482,961	1,903,659
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges	1,983,100	3,324,829
Capital operations not yet financed	(1,528,666)	(2,078,379)
TOTAL APPLICATIONS DURING THE YEAR	59,601,539	54,326,139

Consolidated Schedule of Current Operations

for the year ended December 31, 1985

The Corporation of the City of Oshawa

	Budget 1985 $	Actual 1985 $
SOURCES OF FINANCING		
Net municipal taxation	28,753,134	28,619,026
User charges	5,467,065	6,115,920
Grants: Government of Canada	16,229	36,750
Province of Ontario	8,131,134	8,153,595
Other: Investment income	1,104,500	1,812,055
Other	129,000	53,340
Donations	47,000	47,009
	43,648,062	44,837,695
Municipal fund balances at beginning of year		
City	3,214,800	3,214,837
Library	52,100	52,053
Oshawa Senior Citizens' Centre	25,300	15,689
Central Business District Improvement Area	—	42,249
TOTAL FINANCING AVAILABLE DURING THE YEAR	46,940,262	48,162,523
APPLIED TO		
General government	6,386,065	6,078,888
Protection to persons and property	8,840,861	8,681,922
Transportation services	13,122,362	12,895,254
Environmental services	1,517,982	1,523,403
Health services	96,900	89,960
Social and family services	603,028	599,495
Recreation and cultural services	10,732,320	10,731,486
Planning and development	1,872,722	1,847,887
	43,172,240	42,448,295
Net appropriations to other funds	3,744,922	3,731,128
Municipal fund balances at end of year		
City	—	1,926,783
Library	—	14,560
Oshawa Senior Citizens' Centre	23,100	19,057
Central Business District Improvement Area	—	22,700
TOTAL APPLICATIONS DURING THE YEAR	46,940,262	48,162,523

The accompanying notes are an integral part of this financial statement.

1. Accounting Policies

(a) Basis of Consolidation

(i) Consolidated Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds, the capital fund, committees of Council, and the following local boards and municipal enterprises which are under the control of Council:

Oshawa Public Library Board
Oshawa Central Business District Improvement Area
Oshawa Senior Citizens' Centre

All interfund assets and liabilities are eliminated with the exception of loans or advances between the reserve funds and other funds of the Municipality.

(ii) Consolidated Statement of Operations

This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds, and the capital fund of the municipality and those local boards and municipal enterprises described in note 1(a)(i).

All interfund sources of financing and expenditures are eliminated with the exception of interest income and expenditures arising from loans and advances between the reserve funds and other funds of the Municipality.

(iii) Non-consolidated Entities

For those local boards, municipal enterprises, and utilities of the municipality which are not consolidated, the "Consolidated Balance Sheet" does not reflect their assets or liabilities except to the extent of amounts due to or from those entities. The "Consolidated Statement of Operations" does not reflect their revenues and expenditures except to the extent of the municipality's contribution to those entities. Those entities which are not consolidated are as follows:

Oshawa Public Utilities Commission
Oshawa Housing Company Limited

(iv) The taxation, and other revenues, with respect to the operations of the school boards, and the Region of Durham are reflected in the Consolidated Statement of Operations but with no effect on the Municipal Fund Balances since the total is shown as a deduction.

In addition the expenditures, assets and liabilities with respect to the operations of the school boards, and the Region of Durham are not reflected in these financial statements except to the extent that overlevies (underlevies) are reported on the "Consolidated Balance Sheet" as "other current liabilities" ("other current assets").

(v) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

(iii) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition. For those fixed assets financed or to be financed by the issue of long-term indebtedness, the principal and interest on the long-term indebtedness, are also reported on the Consolidated Statement of Operations as they are paid.

(iv) Capital Outlay to be Recovered in Future Years
"Capital outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long-term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet".

2. Operations of School Boards and the Region of Durham

The taxation, other revenues, expenditures and overlevies (underlevies) of the school boards and the Region of Durham are comprised of the following:

	School Boards $	Region $
Taxation and user charges	36,217,805	$12,637,148
Requisitions	36,193,889	12,630,988
Overlevies (underlevies):		
— for the year	23,916	6,160
— at the beginning of the year	(6,137)	(20,268)
— at the end of the year	17,779	14,108

The overlevies (underlevies) at the end of the year are reported as "other current liabilities" ("other current assets") on the "Consolidated Balance Sheet".

3. Contributions to Non-consolidated Entities

The assets and liabilities of non-consolidated entities listed in note 1(a)(iii), have not been consolidated and are not reported on the "Consolidated Balance Sheet".
The operations of these entities have also not been consolidated.
The "Consolidated Statement of Operations" includes contributions made by the City to those entities, and related subsidies paid by the Province of Ontario to the City. They are as follows:

	1985 $	1984 $
(i) Municipal Contributions to		
Oshawa Housing Company Limited	127,554	117,540
Oshawa Public Utilities Commission — Transit Department	2,020,892	1,574,299
	2,148,446	1,691,839
(ii) Provincial Subsidies relating to above Municipal Contribution		
Oshawa Public Utilities Commission — Transit Department	1,127,131	842,390

4. Ontario Home Renewal Program

(i) Effective January 1st, 1985, amendments to Ontario regulations require that the Ontario Home Renewal Program funds be accounted for as a trust fund and no longer as a reserve fund. This transfer of the fund balance has reduced the total opening reserve fund balances by $450,564, and is not reflected in the Consolidated Statement of Operations. The 1985 transactions for this program are reflected in the financial statements for the trust funds of the municipality.

(ii) The 1985 net appropriations to or from reserves and reserve funds on the Consolidated Statement of Operations will not equal the difference between the total opening and closing balances by $450,564, the amount of the transfer on January 1st, 1985.

5. Trust Funds

Trust funds administered by the municipality amounting to $1,318,384 (1984 — $883,595) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

6. Liability for Past Service Provision of Pension Agreements

Under the past service provision of pension agreements for the Fire Fighters' Association, the municipality is obligated at December 31, 1985 for an amount of approximately $2,193,697 (1984 — $2,356,373) as established for the plans. No provision has been made for this liability which will be funded by annual contributions out of tax levies of $351,186 until 1994.

7. Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. The liability for these accumulated days, to the extent they have become vested and could be taken in cash by an employee on terminating, amounted to $6,193,500 (1984 — $5,799,900) at the end of the year. An amount of $1,283,206 (1984 — $1,126,181) has been provided for this past service liability and is included in "Reserves" reported on the "Consolidated Balance Sheet".

8. Net Long-Term Liabilities

	1985 $	1984 $
(a) The balance for net long-term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
Total long-term liabilities incurred by the municipality including those incurred on behalf of former school boards, other municipalities and municipal enterprises and outstanding at the end of the year	**7,166,532**	8,969,962
In addition, the municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year, the principal amount is	**8,020,970**	9,117,369
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	**(4,502,892)**	(5,724,971)
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	**(19,877)**	(21,752)
Net long-term liabilities at the end of the year	**10,664,733**	12,340,608

(b) Principal payments for the net long-term liabilities reported in (a) of this note, are summarized as follows:

	1986 to 1990	1991 to 1995	1996 and thereafter
from general municipal revenues	$5,088,908	$5,456,062	$ 119,763

(c) Included in "Net long-term liabilities" on the "Consolidated Balance Sheet" is an amount of $4,569,007 (1984 — $5,316,877) payable in U.S. dollars, and converted into Canadian dollars at the rate prevailing when the liability was incurred. If the liability is converted in Canadian dollars at the exchange rate prevailing at December 31, 1985, the liability would be increased by $899,053 (1984 — $811,252).

(d) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities in (a) issued in the name of the Municipality.

(e) The Municipality is contingently liable for long-term liabilities with respect to tile drainage assistance loans, and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and unconsolidated local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 1985 is $4,522,769 (1984 — $5,746,723) and is not recorded on the "Consolidated Balance Sheet".

9. Charges for Net Long-Term Liabilities

Total charges for the year for net long-term liabilities which are reported on the "Consolidated Statement of Operations" are as follows:

	1985 $	1984 $
Principal payments	**1,639,002**	1,580,872
Interest	**1,250,236**	1,393,565
	2,889,238	2,974,437

The charges for long-term liabilities assumed by the non-consolidated entities or by individuals in the case of tile drainage assistance loans are not reflected in these statements.

10. Municipal Equity at the End of the Year

(a) The balance on the "Consolidated Statement of Operations" of municipal equity of **$454,434** (1984 — $1,246,450) at the end of the year is comprised of the following:

	1985 $	1984 $
— for general reduction of taxation	**1,960,400**	3,282,580
— for benefitting ratepayers related to special charges and special areas	**22,700**	42,249
— acquisition of fixed assets to be financed from the proceeds of long-term liabilities	**(3,009,087)**	(2,095,800)
— funds available for the acquisition of fixed assets	**1,480,421**	17,421
	454,434	1,246,450

(b) Approval of the Ontario Municipal Board has been obtained for the pending issues of long-term liabilities and for those commitments to be financed from revenues beyond the term of Council.

11. Reserves and Reserve Funds

The total balance of reserves and reserve funds of $26,328,456 (1984 — $25,296,059), is made up of the following:

	1985 $	1984 $
Reserves set aside for specific purpose by Council:		
— for acquisition of assets	3,388,136	2,842,600
— for debt retirement	1,132,360	1,334,470
— for working funds, contingencies and other	3,440,499	3,134,118
Total reserves	7,960,995	7,311,188
Reserve funds set aside for specific purpose by Council:		
— for industrial services	1,110,012	916,356
— for parking facilities	750,415	558,033
— for other capital expenditures	2,965,200	2,440,066
	4,825,627	3,914,455
Reserve funds set aside for specific purpose by legislation:		
— for park & recreation facilities	5,899,342	5,440,039
— for transportation services	5,142,504	6,093,601
— for other capital expenditures	2,499,988	2,086,211
— for Ontario Home Renewal Program	—	450,565
	13,541,834	14,070,416
Total Reserve Funds	18,367,461	17,984,871

12. Accrued Interest on Long-Term Liabilities

No provision has been made in these financial statements for the accrual of interest on the net long-term liabilities. Had this provision been made the municipal fund balances as at December 31, 1985 would have been decreased by $306,054 (1984 — $311,706).

13. Budget Figures

Budgets established for Capital Funds, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current applications of funds and have therefore not been reflected on the Consolidated Statement of Operations. Budgets for Current Operations have been consolidated and are reflected on a comparative basis with actuals on a schedule entitled "Consolidated Schedule of Current Operations".

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of
the City of Oshawa:

We have examined the consolidated balance sheet of the Corporation of the City of Oshawa as at December 31, 1985 and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the City of Oshawa as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting principles prescribed for Ontario Municipalities applied on a basis consistent with that of the preceding year.

Deloitte, Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants

Oshawa, Ontario
April 22, 1986

Licence No. 1113

Trust Funds Statement of Continuity

for the year ended December 31, 1985

The Corporation of the City of Oshawa

	Total	Sewer & Sewage Treatment	Sub-Dividers' Deposits	Builders' Damage Deposits	Drelich Estate	Union Cemetery	Ontario Home Renewal
	$	$	$	$	$	$	$
Balance, beginning of year	883,595	21,648	524,911	73,338	2,114	261,584	—
RECEIPTS							
Deposits	608,649		97,304	60,781			450,564
Perpetual Care	126					126	
Interest Earned	88,524	2,383	31,586		228	27,516	26,811
	697,299	2,383	128,890	60,781	228	27,642	477,375
EXPENDITURE							
Capital Fund	58,977		58,977				
Refunds	115,426		80,412	35,014			
Miscellaneous	88,107		949	7,317		27,516	52,325
	262,510	—	140,338	42,331	—	27,516	52,325
Balance, end of year	1,318,384	24,031	513,463	91,788	2,342	261,710	425,050
BALANCE SHEET AS AT DECEMBER 31, 1985							
ASSETS							
Investments							
Deposit Receipts	1,091,759	24,031	513,463	91,788	2,342	261,710	198,425
Accounts Receivable:							
Due in one year	64,142						64,142
Long-term	162,483						162,483
Total Assets	1,318,384	24,031	513,463	91,788	2,342	261,710	425,050
CAPITAL	1,318,384	24,031	513,463	91,788	2,342	261,710	425,050

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of
the City of Oshawa:

We have examined the balance sheet of the trust funds of the Corporation of the City of Oshawa as at December 31, 1985 and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the trust fund for the Corporation of the City of Oshawa as at December 31, 1985 and the continuity of trust funds for the year then ended in accordance with accounting principles prescribed for Ontario Municipalities applied on a basis consistent with that of the preceding year.

Deloitte, Haskins + Sells

Deloitte Haskins & Sells
Chartered Accountants

Oshawa, Ontario
April 22, 1986

Licence No. 1113

Economic & Financial Trends (continued)

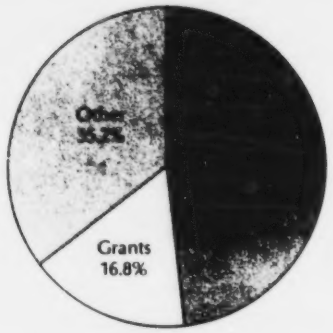
Sources of Financing

In 1985, excluding amounts collected for the Boards of Education and the Region of Durham, taxes accounted for $28.6 million, or 48.0%, of the total financing available to the city and associated boards. Of total tax revenue, the residential and farm sector contributed 54.0%, taxation from other governments accounted for 4.3%, and the commercial/industrial/business sector for 41.7%.

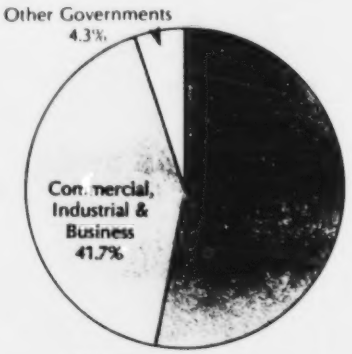
Transfer payments from other levels of government contributed $10.0 million in 1985. While this is an increase in absolute dollar value over the level in 1984, it is, however, a decline in the proportion of total revenue (16.8% in 1985 compared to 17.7% in 1984). Again, in 1985, greater responsibility for the provision of expected, high levels of municipal services had to be assumed by City Officials. While the City's growth, long-term planning and restraint-oriented management combined to lessen the impact of the Provincial Government's attitude towards transfer payments in 1985, continued erosion of the transfer payment base can very probably result in future increases in the local tax burden.

The "Other" sources of revenue category totalled $21.0 million in 1985. The most significant amount within this category is the $7.9 million raised by the employment of user charges. This amount continues to be an increasing proportion of total revenues and reflects the success of the pay-as-you-go approach to municipal financing. In 1985, contributions from developers totalled $6.1 million, representing a 36.4% increase over the 1984 level.

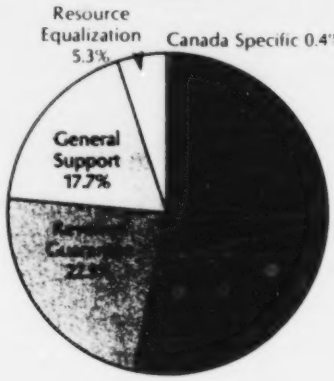
TOTAL SOURCES



TAXATION



GRANTS



OTHER

Sources of Financing (continued)

	1985 (Actual) ($000's)	%
TOTAL:		
Taxation	28,619	48.02
Grants	10,013	16.80
Other	20,970	35.18
Total	59,602	100.00
TAXATION:		
Residential and Farm	15,436	53.94
Commercial/Industrial/Business	11,944	41.73
Taxation from Other Governments	1,239	4.33
Total	28,619	100.00
GRANTS:		
Ontario Specific	5,389	53.82
Revenue Guarantee	2,277	22.74
General Support	1,776	17.74
Resource Equalization	534	5.33
Canada Specific	37	0.37
Total	10,013	100.00
OTHER:		
User Charges	7,903	37.69
Investment Income	4,437	21.16
Contributions from Developers	6,112	29.15
Other	2,518	12.00
Total	20,970	100.00

Application of Funds

Of the $59.6 million of consolidated financing available in 1985, 72.2% was applied to the funding of current operations and 24.5% to capital expenditures. The difference represents appropriations to reserves and reserve funds, and the year-end surplus carried over to 1986.

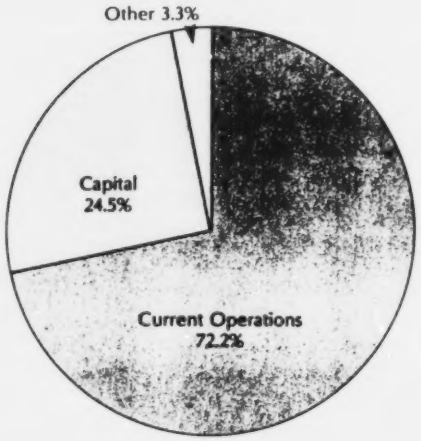
In 1985, of the total financing available for both current and capital purposes, the City applied $19.6 million to transportation services that include maintenance and construction of roads and municipal parking operations. This represents 33.0% of the total consolidated funds available to the City in 1985. Such a significant proportion of funds used for such purposes is indicative of the City's continued commitment to providing the residents of Oshawa with quality roads and adequate parking facilities.

Recreational and cultural services, which include the operation of arenas, parks, pools, recreational programs and library services accounted for 21.3% of total available financing. Expenditures on these services are apparent in the expansion of the McLaughlin Art Gallery, the proposed library branch in the north of Oshawa and the improvement of various recreational facilities.

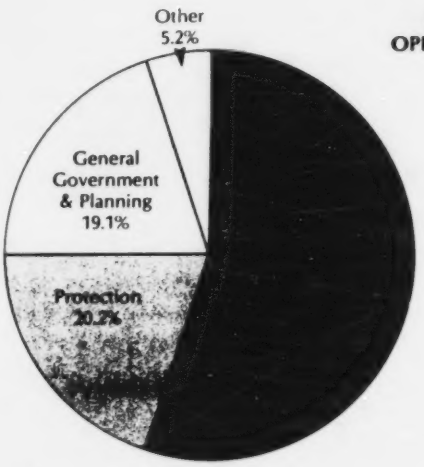
The City's expenditures on protection services in 1985 totalled $8.8 million, or 14.7% of total available funds. Protection services include the operation of the Oshawa Fire Department and animal control services.

General government costs continue to be responsibly managed and effectively controlled to provide a quality level of service to area citizens. The cost effectiveness of general government operations is reflected in the fact that expenditures in 1985 represented only 12.0% of total available financing.

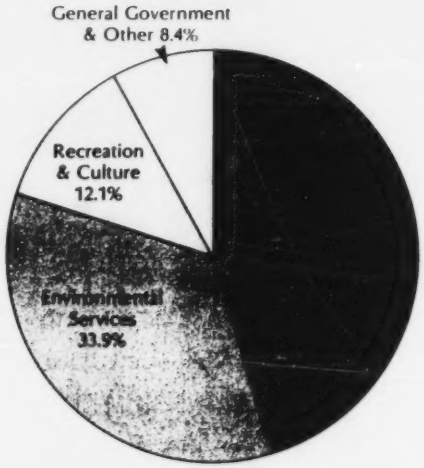
TOTAL APPLICATIONS



CURRENT OPERATIONS

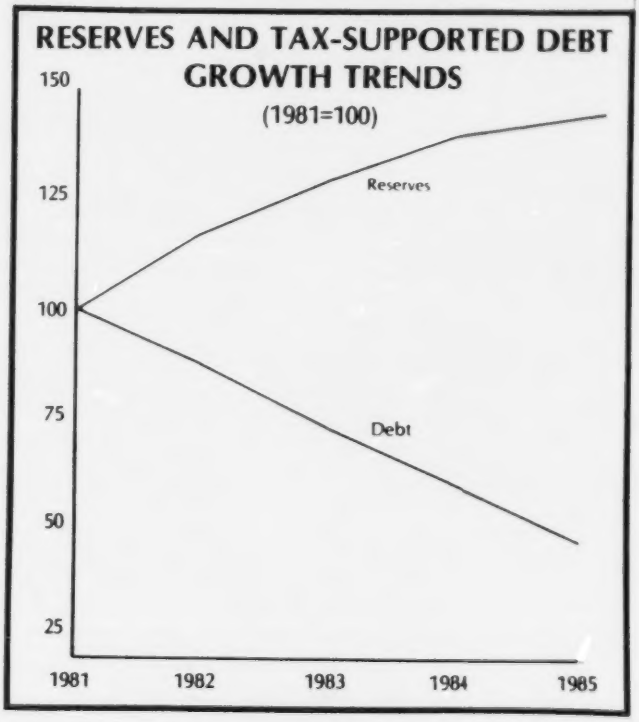


CAPITAL



Application of Funds (continued)

	1985 ACTUAL ($000's)	%
TOTAL:		
Current Operations	43,043	72.22
Capital	14,622	24.53
Other	1,937	3.25
Total	59,602	100.00
CURRENT OPERATIONS:		
Transportation	12,946	30.08
Recreation & Culture	10,952	25.44
Protection	8,682	20.17
General Government and Planning	8,237	19.14
Other	2,226	5.17
Total	43,043	100.00
CAPITAL:		
Transportation	6,672	45.63
Environmental	4,960	33.92
Recreation & Culture	1,768	12.09
General Government & Other	1,222	8.36
Total	14,622	100.00



Tax-Supported Debt

In 1985, the City's total net long-term liabilities decreased by 13.6%, from a level of $12.3 million in 1984 to the 1985 level of $10.7 million. As no further tax-supported debt was incurred in 1985, this year marked the sixth consecutive annual decline in net long-term liabilities.

Net tax-supported debt totalled $4.6 million in 1985. This represented a 23.5% decrease over 1984 and a 55.6% decrease since 1981. On a per capita basis, the associated debt charges have been reduced by 28.8% from a level of $20.77 in 1981 to $14.79 in 1985. It is also projected that, with the current trend, tax-supported debt will effectively be eliminated by 1994.

Reserves and Reserve Funds

The effective maintenance and responsible management of reserve funds continue to be key factors in contributing to the City's financial success over the past several years and 1985 was no exception. Reserves totalled $26.3 million and of this total, 63.1% has been set aside for capital expenditures. These expenditures will include the building of the library, recreational and other municipal facilities, designed to provide an even greater and improved level of service to the community.

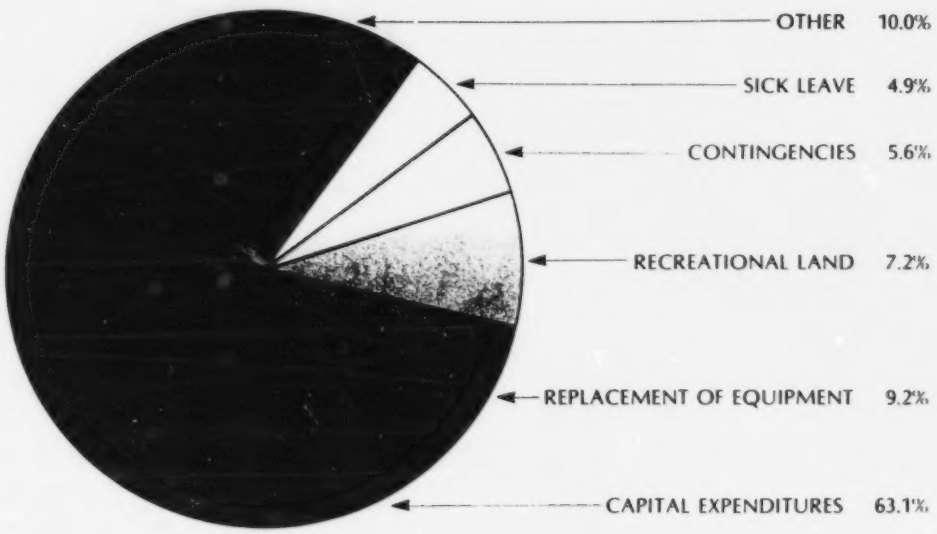
Tax-Supported Debt and Debt Charges

	1981	1982	1983	1984	1985
Annual Debt ($000's)	10,355	8,853	7,392	6,014	**4,601**
Per Capita Debt ($)	89.22	74.49	61.72	50.21	**37.82**
Debt Charges ($000's)	2,410	2,282	2,105	1,884	**1,799**
Per Capita Debt Charges ($)	20.77	19.20	17.58	15.73	**14.79**

Reserves and Reserve Funds

	1981	1982	1983	1984	1985
Reserve Funds ($000's)	18,203	20,804	23,387	25,291	**26,328**
Growth Trend (1981=100)	100.00	114.29	128.48	138.94	**144.64**

Reserves and Reserve Funds — 1985



	1985 Actual ($000's)	%
Capital Expenditures	16,612	63.10
Replacement of Equipment	2,421	9.20
Recreational Land	1,891	7.18
Contingencies	1,488	5.65
Sick Leave	1,283	4.87
Other	2,633	10.00
Total	26,328	100.00

1985 And Beyond

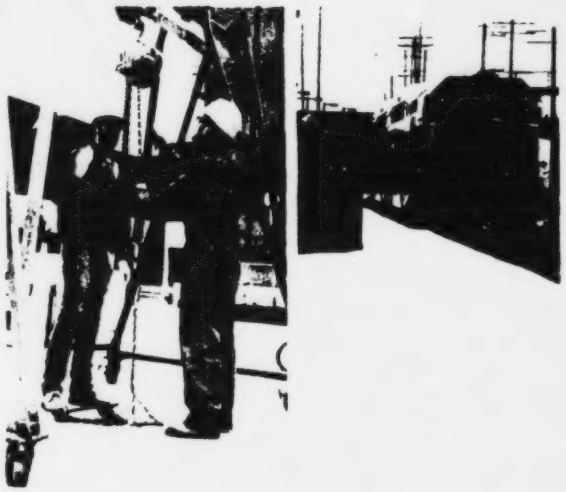
The City of Oshawa, again in 1985, experienced a year filled with progressive development, financial stability and optimism. It was a year in which balanced growth continued in the economic, social and financial sectors of the Oshawa economy.

The recently-created Economic Development Department, within the Civic Administration, was active with an increasing number of development inquiries and, with the many related applications for land and industrial space which were processed. Development in Oshawa, in 1985, was evident in all sectors — residential, commercial, and industrial. The value of residential building permits issued in 1985 was in excess of $36.6 million, double the value issued in 1984.

Commercial development, particularly in the City's downtown core, was highlighted by the land exchange between the City and General Motors of Canada Limited. The City received 9.38 acres of prime land in the central business district from General Motors in exchange for 98 acres of City-owned land in the Stevenson Industrial Park. This exchange will be of great benefit to both parties. General Motors of Canada Limited is now in the final stages of completing the finished-vehicle compound on the 98 acres and, the City has retained consultants to confirm the feasibility of a hotel-conference centre on the former GM property in the downtown core.

Industrial development continued strong in 1985, with the total value of building permits reaching a record of over $113 million. Of this amount, $19 million is attributable to the G.M. south plant expansion. This, combined with the $1.2 billion dollar G.M. south plant expansion in 1984, and the recently announced (March 1986) $2 billion commitment to "G.M. Autoplex", a revolutionary concept in automobile manufacturing, confirms a positive trend in growing industrial activity and promises a strong future for industrial and commercial activity in Oshawa.

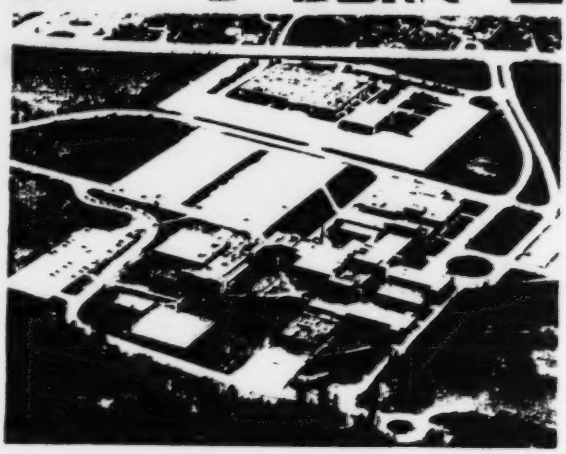
A fully-integrated transportation network is regarded as a key element of success in the growth and development of Oshawa. Expansion and development of the Oshawa Municipal Airport continues to be a priority of the City's administration. Service at the airport continues to expand and, in 1985, Skycraft Air Transport Inc., alone, provided scheduled passenger services for in excess of 18,000 passengers, to Windsor, Ottawa and Montreal. In early 1986 Skycraft extended their services to include Detroit, Michigan. This number is expected to increase significantly in 1986 with the opening of an additional airline, Inter City Airlines Inc. Initially, Inter City will provide 42 weekly flights to Windsor, with plans to extend service to Ottawa, Montreal and Buffalo, to follow in the subsequent near future. Access to the Oshawa Municipal Airport will be increased with the proposed shuttle bus service from the Scarborough Town Centre.



Plans to further develop the Oshawa Harbour, with the extension of the east wharf, have been authorized by the passing of a Federal Government Order-in-Council. Meanwhile, commercial activity in the Harbour continues to expand. In 1985, the harbour realized an increase of 50,000 metric tonnes of cargo handled, over and above the level handled in 1984. To accommodate the ever-increasing rail traffic in the Oshawa area, Canadian National Railways is spending in excess of $2 million to expand the existing marshalling yards in the Stevenson Industrial Park area.

Recent changes in the Provincial Government, and the continuing need for fiscal restraint, resulted in the reconsideration of prior commitments to both the GO-ALRT technology and the related funding, in 1985. Full service commuter train extension to Oshawa, utilizing the standard "heavy rail" vs. the "light rail" technology, is currently being actively reviewed as the most viable immediate alternative. The extension of this vital transportation link continues to be a prime issue with the City's elected officials and is being, and will be, vigorously pursued until the final link is in place and serving the residents of Oshawa.

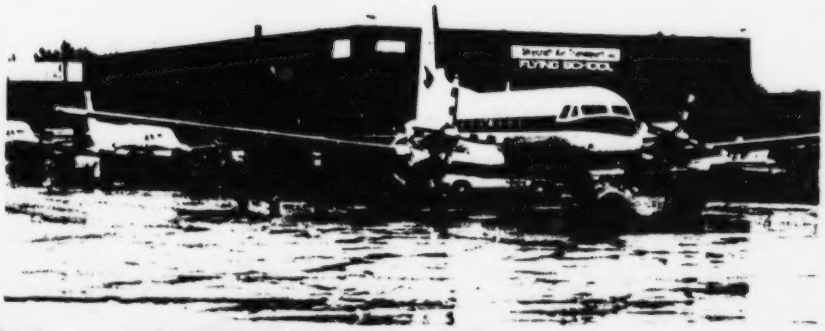
The development of cultural and recreational services, within Oshawa, continued to expand significantly in 1985. The long-awaited expansion of the Robert McLaughlin Art Gallery is in progress, while Phase II of the Arts Resource Centre renovation is expected to be completed early in 1986. Further development of the City's library system includes the construction of a $2 million branch at the corner of Beatrice Street and Ritson Road. The City's commitment to making Lakeview Park a major tourist attraction and recreation centre is indicated by the planned extension, in 1986, of the boardwalk to include Oshawa Harbour Commission property. The project will include new lighting, an extensive brick walk, landscaping and renovation of the pier.

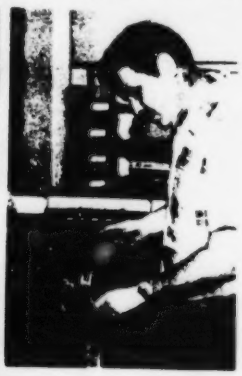


Educational developments in Oshawa continued to be led by the Durham College of Applied Arts and Technology. In 1985, the College's new Skilled Trades and High Technology Centre provided enhanced training to students in Computer-Integrated Manufacturing programs. Increased demand for post-secondary education, by area residents, was evident in 1985, with fall enrolment, at the College, of 2,500 students in day courses, and over 10,000 students in evening extension courses. A reflection of the integration of the College with the private sector can be seen in the fact that Durham College has been selected by General Motors — Fanuc Robotics of Troy Michigan, as a training site for their Canadian customers. Initially, the majority of robotics training will be for GM personnel.

In retrospect, 1985 marked another exciting year for the City. We have achieved an excellent record of growth, development and productivity. The foundation for continued success has been solidly placed and, no doubt, will be the basis for the continued marked growth and development of the City of Oshawa.

PLAZA 900
A Distinctive Luxury Condominium
H. KASSINGER CONSTRUCTION LTD
Exclusive Agent RISTOW & FLEMMING LTD





The Corporation of the City of Oshawa — City Officials

Municipal Council*

MAYOR
Allan C. Pilkey

ALDERMEN

John Aker
Michael Armstrong
Pauline Beal
Linda Dionne
Cy Elsey
Irvine Harrell
Edward Kolodzie
Joseph Kolodzie
Allan Mason
Larry McLean
Brian Nicholson
James Potticary
Maryanne Sholdra
John Wiley
Douglas Wilson

Department Heads

H. J. Couch	City Solicitor
F. E. Crome	Commissioner of Works
B. D. Gough	Director of Personnel
R. A. Henderson	City Clerk
G. J. Hooper	Fire Chief
C. W. Keil	Treasurer & Director of Finance
T. S. Mokrzycki	Director of Planning & Development
A. G. Nelson	Director of Community Services
R. J. Nicol	Director of Economic Development

Boards and Commissions

Oshawa Public Library	N. J. MacLeod, Chairman
Oshawa Public Utilities	A. V. Taylor, Chairman[1]
Oshawa Senior Citizen's Centre	N. L. Diamond, President
Oshawa Housing Company Limited	T. Sanderson, President[2]
Oshawa Central Business District Improvement Area	A. L. Lovell, Chairman[3]

(1) R.J. Fleming, to Nov. 30, 1985
(2) C. Mason, to March 24, 1986
(3) J.W. Doswell, to Nov. 30, 1985

*Effective December 2, 1985